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SUBJECT: OMANI TOURISM PROJECTS MOVING FORWARD

REF: A. MUSCAT 439

[¶](#)B. 06 MUSCAT 1509

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Summary

[¶](#)1. (U) The Omani government continues to press forward on elaborate plans to develop its tourism industry through the construction of a convention center and a number of multi-billion dollar integrated resort complexes. OMRAN, the government's tourism development company, expressed appreciation for a MEPI-sponsored study on its proposed convention center, and is working to approve new theme-based projects. End summary.

Convention Center Moving Forward

[¶](#)2. (U) On July 30, Econoff discussed the status of the Sultanate's tourism-related initiatives with OMRAN Chief Financial Officer Prakash Gabra. Gabra noted that OMRAN remained fully committed to developing Oman's tourism industry through its investment in several high-profile projects.

[¶](#)3. (SBU) On the convention center, OMRAN's most prestigious project, Gabra thanked the USG for funding an initial feasibility study, which was completed by Booz Allen Hamilton with funding provided by the Middle East Partnership Initiative (MEPI). He noted in particular the study's finding that showed a planned convention center of 5,000 seats may be too costly for the government to subsidize, given the report's estimation that a facility of no more than 2,000 seats would be the most economically feasible for Oman. Gabra also took onboard the study's conclusion that OMRAN had not planned for a sufficient amount of hotel rooms in the immediate vicinity of the facility to support a large center. Gabra stated his intention of continuing to work with Booz Allen Hamilton to develop projected profit/loss figures for both a larger and smaller facility so that the Ministers of Tourism, National Economy, and Commerce and Industry can decide on final design plans.

Omagine This

[¶](#)4. (SBU) Gabra confirmed press reports that the government

was close to approving a contract with Omagine, Inc., headed by U.S.-based developer Frank Drohan, to construct a \$1.6 billion, 1.2 million square meter integrated tourism project in Muscat. The complex, to include a theme park highlighting Omani culture, two five-star hotels, and 4,000 residential units, would take an estimated four years to complete. Gabra said that the final approvals from the Ministry of Finance would take "some time," but he believed that the project would eventually come to fruition, with considerable credit going to Drohan's persistence in pursuing the venture. Under the terms being considered, Omagine would develop the hotels and freehold residential neighborhoods, while the theme park would be built by the company via a leasehold arrangement. Gabra mentioned his enthusiasm for the project in becoming an "attraction" destination, as opposed to being simply a beach resort.

New Projects in the Pipeline

¶15. (U) Gabra commented that OMRAN was also working on new projects in addition to those already announced or underway in Yiti, Seifa, and Salalah. Plans are now set for a \$2 billion integrated resort development at Yenkit, about 15 miles southeast of Muscat. The project, backed by UAE-based Majid al-Futtaim Developments, calls for four five-star hotels and 3,300 residential apartments and villas. In addition, Gabra noted that OMRAN was evaluating a proposal from a Malaysian company to construct a \$500 million, 2 million square meter theme park entitled "Green Acres." Plans call for the project to include a water theme park, large indoor playground for children, equestrian facilities, and residential areas.

Gonu's Impact

¶16. (SBU) Gabra stated that since many of the upcoming projects are in the initial phases of development, the impact of tropical cyclone Gonu on tourism complexes along the Gulf of Oman has not been substantial. Of primary concern to OMRAN was the damage inflicted by the storm to infrastructure. For example, Gabra stated that the new Quriyat to Sur road, which will link several new beachfront developments with Muscat, suffered serious damage as a result of Gonu. Initially slated for a November 2007 opening, the road now requires substantial repairs, which, according to Gabra, have not yet commenced.

Comment

¶17. (SBU) OMRAN continues to lead the government's ambitious plans to develop tourism-based resort developments throughout the Sultanate in efforts to diversify the economy away from oil and gas revenues. With the Wave project completely sold out of residential units, sales in these upcoming communities could be brisk. Hotel inventory remains a concern, especially if the government hopes to capture a portion of the large-convention market with its 5,000 seat facility, and Oman Air needs to ramp up quickly to cover the loss of Gulf Air's routes out of Muscat. End Comment.
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